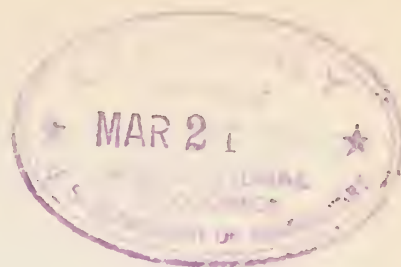


Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

1,942
A8M34



A.M.S.

Marketing Activities

U S DEPT OF AGRICULTURE
BUREAU OF AGR'L ECONOMICS LIBRARY
4-K WASHINGTON D C

Issued Monthly by

**AGRICULTURAL
MARKETING
SERVICE**

U. S. DEPARTMENT OF AGRICULTURE

Vol. 4 No. 3
March 1941

WASHINGTON D C
ECONOMICS LIBRARY

-IN THIS ISSUE-

THE GOOBER SETS A RECORD

By E.M. Brooks Page 3

Peanut growers harvested a record crop last year, a fact that might have been overlooked. Mr. Brooks, Agricultural Marketing Service statistician, discusses a number of interesting facts about peanuts.

THE FARMER AND PUBLIC

INTEREST IN LARGE CROPS

By Louis H. Bean Page 9

Returns from small national crops are frequently larger than from the big ones. Dr. Bean, of the Bureau of Agricultural Economics, presents figures to prove this point.

TAKING THE GUESSWORK

OUT OF LAMB MARKETING

By L. B. Burk Page 15

Marketing lambs by grade has been very successful in Virginia, West Virginia, North Carolina, and Tennessee. Mr. Burk, Agricultural Marketing Service specialist, describes this method of selling.

--- 0 ---

GRADING AND THE CONSUMER

Some enthusiasts for quality improvement think the lowest grades ought to be destroyed, fed to livestock, or otherwise kept off the market. It is argued that large supplies of the lowest grades depress the prices received for the top grades and that if low-quality products were kept off the market growers would get a higher price for the good grades.

It is doubtless true that large supplies of low-grade products depress prices for the other grades, but that is not all there is to it. First, if a small local cooperative keeps its lower grades off the market and everyone else keeps on selling them, the price of the top grades is likely to stay just where it was. So we have to consider a second step--some means of preventing anyone from selling the low grades. This is likely to be hard on some farmers--and especially hard on some consumers.

We had better remember that we have a lot of consumers who just can't pay fancy prices. We can't let these consumers starve. If we don't sell them low-grade food at a low price we may have to sell them high-grade food at a low price.

Frederick V. Waugh in

"News for Farmer Cooperatives"

THE GOOBER SETS A RECORD

By E. M. Brooks

A song called "The Peanut Vendor" was a hit several years ago and the half-million peanut growers in this country must be hoping that the song has a revival. The weather was ideal last September and October in the main producing areas and unusually heavy yields were harvested on an above-average acreage. When crop statisticians had finished their calculations, it was apparent that the 1940 peanut crop was not peanut-sized. It had set a new record--1,611,635,000 pounds--and was 50 percent larger than the average of the previous 10-year period. So, all in all, it is not surprising that the men who grow peanuts are wondering just how to dispose of the apparently ever-increasing supply of this commodity.

Fortunately, the market for peanuts is not confined to small sales in ball parks and zoos. Candy, salted nuts, and other confections utilize a large part of the crop. And peanut butter, said to have been invented about 1890 as a food for invalids by Dr. John H. Kellogg of Battle Creek, Mich., is the largest single use to which the crop is put in a normal year. Possibly 10 percent of the picked or threshed production is used on the farms where grown. Peanut oil is also an important product; normally used principally for salad dressings, oleomargarine, and shortening, it is of particular interest at the present time because of its usefulness as a source of glycerine for munitions.

The peanut has many uses and new ones are being discovered every year. Down in Tuskegee, Ala., a distinguished Negro scientist, Dr. George Washington Carver, has labored in his laboratory for years to devise new uses for this product. Although he never has made a penny out of his discoveries, never has applied for a patent, Dr. Carver has developed from the peanut some 300 products--among them cheeses, candy, pickles, oils, shaving lotions, dyes, face powder, and axle grease. And this probably does not represent all the possibilities of this versatile product.

Peanut-fed Hogs Produce Smithfield Hams

A considerable acreage of peanuts is harvested by hogs that root out the nuts and eat them. A type of ham from a peanut-fed hog --the famous Smithfield ham--is a real delicacy. These hams have gained such a wide reputation that, to protect them from imitations, a statute of the State of Virginia provides that the hogs from which the hams come must have been raised in the peanut-producing area of Virginia and North Carolina and must have been processed within the corporate limits of the town of Smithfield, Va.

Botanically, the peanut is not a nut but a pea, and is a member of the legume group that includes soybeans and cowpeas. The term "nut" is believed to have been applied because of the nut-like flavor of the pea. A number of colloquial names, such as "goober," "goober pea", and "pin-dar," are widely used in some localities. "Ground nut" is used in Britain and British colonies.

It is almost certain that the peanut is a native of South America, Dr. W. A. Archer, Bureau of Plant Industry explorer, finding wild forms of the peanut in Faraguay, Uruguay, Argentina, and Brazil. There is some foundation for the belief that the peanut came to North America via Africa in slave ships. According to this account, slave dealers, needing a cheap, compact, nutritious food to feed the slaves on the long sea voyage from Africa to America, hit upon the peanut as the solution to the problem. If this story is true, the problem was solved because a pound of peanuts supplies about 2,700 calories, more than is contained in many other foods.

The crop was popular in Virginia and the Carolinas during the period prior to the Civil War, but it was not until rations became short during the conflict that the high food value of peanuts became known in all parts of the country. When the soldiers returned to their homes later, they carried with them a knowledge of and a liking for peanuts that did much to spread the production of this crop.

U. S Ranks Fourth In Peanut Production

After the turn of the present century, when many new uses had been discovered for peanuts, the acreage increased sharply; today the United States accounts for nearly 10 percent of the world supply of 15 or 20 billion pounds, ranking fourth after Africa, India, and China. The United States crop in 1939 was valued at about 60 million dollars.

Peanuts are grown in practically all States from Virginia south to Florida and west to California. The States producing peanuts in substantial quantities, however, can be grouped into three distinct production areas. Starting in the East, there is the "Virginia-Carolina Area," which includes Virginia, North Carolina, and Tennessee; the "Southeastern Area," which comprises the States south of the Virginia-Carolina Area and east of the Mississippi River, with Georgia and Alabama the most important; and the "Southwestern Area," which is composed of Arkansas, Louisiana, Oklahoma, and Texas. In the latter area, only Texas can be said to be of significant importance in the production of peanuts.

Three types of peanuts have a widespread popularity. The largest nuts of any of the three types are the Virginias, which are grown principally in the Virginia-Carolina Area. Next in size are the peanuts known as "Runners," grown principally in the Southeastern Area. The third type is the familiar small round peanut frequently sold as salted nuts, called the "Spanish." The bulk of the Spanish-type peanuts is produced in the Southeastern and Southwestern Areas, though some are grown in the Virginia-Carolina Area.

Peanuts are grown both alone and interplanted with corn, and occasionally with other crops. Most of the "alone" acreage is picked or threshed, and most of the "interplanted" acreage is hogged off, but relatively small acreage of peanuts is dug and fed on the vines. After

the nuts have been removed, the vines are frequently fed to livestock and are considered a rather good hay. When interplanting peanuts, it is the general practice to alternate a row of nuts with a row of the companion crop. There are many variations of this practice, however, and occasionally in the Georgia-Alabama section six rows of peanuts are planted to one row of corn.

Various methods of digging are used: Some growers use a plow, others a potato digger, while an increasing number are using patented peanut diggers. Except in the Southwestern Area, it is usual for producers to dig peanuts in the morning, allow them to dry until afternoon, and then stack them on stakes seven or eight feet high for a period of about a month before picking is started. In the Southwestern Area, and to some extent in the Southeastern, the stake method of stacking is not ordinarily practiced. In these areas, the vines are raked into windrows or piles about two feet high, and left until picking gets under way.

The slow, laborious task of picking peanuts from the vines by hand has been replaced by the use of patented pickers, or, as in the Southwestern Area, by grain threshers adjusted to perform this operation. Relatively few growers own picking machines and most farmers have this work done for them on a custom basis. As the peanuts are picked or threshed, they are placed in bags, except in the Southeast, where they are stored in bulk.

Peanuts received at a mill for processing are destined for one of three uses: Cleaned, to be eaten as roasted peanuts; shelled, for edible purposes; or crushed for oil. A byproduct of oil is meal cake, which is ground or broken and fed to livestock. Hulls are used principally as fuel in the mill furnaces, but small quantities are used for various purposes such as floor sweeping compound and bedding for horses. Shelled peanuts are used for peanut butter, salted peanuts, and peanut candy.

Acreage Allotments Established

As supplies of peanuts for a number of years have been greater than the quantities needed by the trade, the Government conducts two programs designed to relieve the situation. Since 1938 the Agricultural Adjustment Administration has determined acreage allotments in designated commercial areas for commercial peanut growers and has made benefit payments to participating growers who stayed within their allotted acreage. In 1940 the payment was \$2.25 per ton on the grower's normal production; that is, on the quantity obtained by multiplying the allotted acres times a yield determined by the local committee as being the normal yield of peanuts for the grower's farm.

The Government, through the Surplus Marketing Administration, has also carried out peanut diversion programs each year since 1934 except for the crop of 1936. The object has been to remove excess supplies of edible grade peanuts from normal channels of trade by diverting them

into the production of oil. To accomplish these objectives, cooperative organizations participating in the program purchase peanuts from growers at specified prices and later sell them for crushing at prices approved by the Secretary of Agriculture. The organizations are reimbursed by the Government for any difference between the price the organizations receive for nuts and the price they paid the farmers, plus an allowance that will cover handling and other charges.

As of March 1, 1941, total purchases of peanuts from the 1940 crop by the associations participating in the Government program totaled 785 million pounds. Of this total 466 million pounds were sold for oil, and 8 million pounds were sold to the edible trade, leaving on hand 311 million pounds of peanuts. It is important to remember in connection with the peanut diversion program that peanut oil and meal, which are the products into which most of the peanuts are diverted, do not compete with any of the regular commercial peanut products, and are usually not of enough volume to affect prices of other edible oils or feed concentrates.

Still another program to aid producers is under consideration. A bill that has already passed the House of Representatives provides for the establishment of marketing quotas for peanuts. Under the provisions of this bill, a referendum would be held by peanut growers and if two-thirds of those voting declare for marketing quotas, such quotas would go into effect for the crops of 1941, 1942, and 1943. Each farmer growing peanuts would be assigned a definite acreage allotment, and if it is not exceeded he would be permitted to market without penalty all of the peanuts produced on that acreage.

— 0 —

UNIFORM GRAIN-STORAGE AGREEMENT TO CONTINUE

The Department of Agriculture does not contemplate making any change this year in the rates specified in the Uniform Grain Storage Agreement, under which grain under loan or held by the Commodity Credit Corporation or other agencies is stored. In addition, the Uniform Agreement probably will be continued through the market season for wheat, beginning in 1942, unless an investigation of the results of its operations should show the desirability of some changes in rates.

The Uniform Grain Storage Agreement was worked out last year with all branches of the warehousing industry, the grain trade, and the Department, and provides uniform rates for storage, unloading, loading out, conditioning, and other services. There is a provision in the agreement that it shall be renewed automatically each year unless either party, by advance notice of 30 days, proposes to terminate or cancel the contract. The storage rates are one-thirtieth of a cent per bushel per day for a maximum storage payment within the year of 6 cents per bushel for terminal warehouses and 7 cents for country elevators with specified charges for other services.

NATION-WIDE POULTRY MARKET SURVEY

LAUNCHED BY DEPARTMENT OF AGRICULTURE

A survey of the Nation's leading poultry and egg markets has been launched by the Bureau of Agricultural Economics, in cooperation with the Surplus Marketing Administration and the Agricultural Marketing Service, to find ways and means of reducing the costs of poultry and egg distribution. The survey, a study of market facilities and problems in 29 large cities, is expected to be completed by July 1, and a report will be issued after all findings have been analyzed.

"We know that something is wrong with present methods of marketing poultry and eggs," says W.C. Crow, Bureau of Agricultural Economics specialist, "but opinions vary widely as to the exact trouble. There is even a lack of agreement within the industry itself on this point. Through a Nation-wide survey, we hope to uncover the problems that are common to producers, distributors, and consumers from New York to California. Then we will be ready to make our recommendations."

The poultry market survey will be similar to studies of fruit and vegetable marketing, Crow points out. These surveys have shown that the greatest cost of fruit and vegetable distribution has been traced to the city markets, and the further conclusion has been drawn that the poultry markets were directly linked with vegetable markets in many cases.

The individual poultry markets in a given city are mapped and the facilities listed at the beginning of the survey. The listing of facilities includes information on when the market was established, the important alterations that have been made, ownership and control, rents, physical appearance and facilities, a description of handling methods, movement through the market, and the efficiency of the various facilities.

A study of market operations includes classification of dealers and services; service agencies in the market; market practices; grading and inspection, health laws, ordinances, rules, and regulations affecting the marketing of these commodities; selling hours; and market statistics. Adequate statistics on receipts by rail, truck, or boat are lacking in most instances and must be compiled from the records of the market agencies and carriers.

Various market problems also are surveyed, including possible uneconomic practices and needed changes in facilities.

The need for a survey of poultry and egg markets is not new. Poultry marketing specialists, as well as Experiment Station directors, have long urged a study of this kind. And at its twenty-second annual convention, the American Farm Bureau Federation passed a resolution urging the formulation of plans for modernizing and improving terminal poultry and egg markets.

BEHIND EVERY STORY IS ANOTHER STORY

A few months ago "Marketing Activities" carried a story on the work of the Crop Reporting Board by Mr. W. F. Callander, Chairman. The article aroused considerable interest and several magazines reprinted it verbatim, all of which has been flattering. One development, however, has been rather puzzling.

In introducing the author, the following statement was made: "W. F. Callander often regrets that he is responsible for telling the farmers that large crops are in prospect." That statement was based on the farmer's very human way of looking at the economics of production. In other words, the average farmer likes to see large crops on his own farm, but, at the same time, he isn't disconsolate if the national crop is small. With this thought in mind, it was expected that agreement with the idea behind that statement would be automatic--but it wasn't.

A number of editorials implied that agricultural prosperity could come only through larger and larger production. One editor commented: "Think of the absurd reasoning! We farmers want good crops when we plant them; we are not satisfied unless we get them; and yet we have men regretting that they must give us this information." Then he added; "What a cockeyed world we live in!"

A Double Problem

That last point can be granted after glancing at the headlines in the papers. But the question of large and small crops is not decided so easily. On the one hand is the indisputable fact that a large part of our population is ill-fed, even when crops are large. On the other hand is the difficulty the farmer faces in getting a fair return on his investment of money and labor when crops are large and surpluses pile up. Obviously, some middle course that would solve both problems simultaneously would be all to the good. For the past few years, one of the major objectives of the agricultural programs has been to bridge this apparent conflict between the farmer and the public interest in large crops.

By coincidence Dr. Louis H. Bean, Department of Agriculture economist, dealt with this subject of volume versus value in his recent address before the American Society of Agronomy. In the article on the opposite page he has elaborated somewhat on the remarks contained in that address and has contributed, it is believed, to a clarification of the problem of large crops and the public welfare. He has also published, with Dr. Frederick Strauss, a comprehensive study of farm production, prices, and income, commodity by commodity, for the years 1869-1937.

--Editor, Marketing Activities.

THE FARMER AND PUBLIC

INTEREST IN LARGE CROPS By Louis H. Bean

Bureau of

Agricultural Economics

A bumper crop is always news and the press dresses up the story as dramatically as possible. A favorite device is the "mathematical" article, in which it may be pointed out that a large United States cotton crop, if spun into thread, would girdle the earth an amazing number of times. The reporter, looking for an added dash of human interest, may even find enough thread left over for grandma's sewing machine.

But the average farmer, no matter how the news is treated, places large national crops (but of course not his own) in the same category as hail, floods, and chinch bugs--an unfavorable natural phenomenon over which he has no control. This gloomy outlook is easy to understand for the farmer has observed that large crops, which the market commentators call "bearish," are frequently offset by lower prices. As a result, the big crops often have no greater gross market value than the small ones; and the whoppers often have even less value than the smaller crops. At the same time, increased costs of production, harvesting, and preparation for market mean a smaller net return to the farmer.

Four entirely different types of commodities--grapes, potatoes, cotton, and hogs--illustrate this relationship between production and farm value. The illustrations are taken from the experience of the 1920's because changes in demand conditions were relatively stable during this period, and because Government programs since 1929 have aimed to alter the adverse effects of large crops on prices and value.

Small Grape Crops Bring Larger Returns

For the 5-year period, 1924-28, grape production mounted as the value declined. The small 1924 crop of 1,775,000 tons had a farm value of 70 million dollars, but the largest crop of that period--the 1928 crop of 2,654,000 tons--had a farm value of only 50 million dollars. The following table shows the relationship between the size of the crop and the farm value.

Grapes, Production and Value, 1924-28

<u>Year</u>	<u>Production (tons)</u>	<u>Value</u>
1924	1,775,000	\$69,616,000
1925	2,200,000	66,346,000
1926	2,444,000	65,480,000
1927	2,592,000	65,835,000
1928	2,654,000	50,218,000

The potato crops of 1924 and 1925 illustrate the same basic fact. The very large crop of 1924--384 million bushels--had a farm value of only 264 million dollars; and a considerable part of that crop had to be fed to livestock or be left undug because domestic consumption, even at bargain prices, didn't expand enough. But the relatively small crop of 296 million bushels in 1925 had a high farm value of 505 million dollars.

Cotton production and value for 1926 and 1927 show a similar relationship. Production dropped from 17,978,000 bales in 1926 to 12,956,000 bales in 1927; but the farm value rose from \$1,121,185,000 to \$1,308,088,000. This is a typical experience for cotton, except in cases where large crops come at a time when the carry-over is unusually small and business activity is unusually high. Large cotton crops in excess of current consumption usually hang over the market for 2 years or more until demand picks up or until acreage or yield per acre is reduced.

Production and value of meat animals also tend to move in opposite directions. Hog production, which reached a peak in 1923 when 17.0 billion pounds of pork were produced, dropped to 14.2 billion pounds in 1925. The smaller production had a farm value of 1,540 million dollars, the larger production 1,192 million dollars.

Some Crops are Exceptions

Large crops of some commodities, it is true, may have greater farm and market values than smaller crops. Wheat is an outstanding example, but here the dominating favorable influence has often been the export market; for usually when large wheat crops had had the benefit of a brisk export market they brought larger market values than small ones. Contrasted with cotton, domestic prices of wheat have, until recently, been dominated by the world supply to which our contribution has been relatively small. But in the case of cotton, American production has constituted a relatively large proportion of the world supply and therefore has been an important factor in domestic prices.

As far as the total of food crops is concerned, the problem of large versus small production is tied up with the fact that the Nation as a whole tends to consume a fairly stable per capita volume. There is a good deal of shifting about on the part of individual consumers, of course. If supplies of one commodity are small, or if the price is high, other foods tend to be substituted. Dietary trends may also cause a shift in the kind of foods consumers buy. In recent years, for example, people have tended to consume fewer starchy foods and have turned more to fruits and vegetables. But in spite of these shifts, the average per capita consumption--the total quantity of food consumed by each individual--tends to be relatively stable. Leaving out the drought years, the national per capita consumption of food in the United States in any one year has probably not varied by more than 2 percent above or below the average for the past 20 years.

Food Consumption and Food Production

The general stability of per capita food consumption reflects the relative stability in food production. It may be argued, therefore, that if more were produced more would be consumed. This certainly is true for certain commodities, but not for those that can be stored. Were the problem of consumption merely one of production, surpluses would not pile up recurrently in spite of relatively low prices. It may also be pointed out that during a period of rising national income, the general level of food prices also rises and thus contributes to the relative stability in food consumption. Similarly, rising costs during a period of rising income also tend to offset rising prices received by farmers and thus contribute to stability in production.

If the quantity of food consumed per person tends to be relatively stable, so does the proportion of national consumer income spent for food tend to be relatively stable. This does not mean that individual consumers, year in and year out, spend a fixed share of their income for food. But for the Nation as a whole, as a result of the millions of different responses to changing prices of different foods and changing relations of food prices to other prices, a fairly stable proportion of national income is spent for the national food bill. This means that if more were produced and more consumed, retail prices would tend to go proportionately lower but total expenditures would remain relatively the same. It also means that if the volume of production and consumption were reduced, retail prices would tend to advance and the expenditure ratio would be relatively stable.

This touches one of the basic problems in the relation between the farmer and the general welfare. If more food consumption could be obtained as a result of more food production, the general welfare would presumably be served, especially if that increased consumption were among the lower income groups and among those suffering from malnutrition. But if that increased consumption involves no larger aggregate of expenditures but merely a lowering of prices to all groups of consumers, rich and poor alike, farmers would stand to lose both a reduction in gross and net returns, inasmuch as it costs more in the aggregate to process and market a larger volume, and it usually costs more to produce a large volume. This is the simple arithmetic of the relation between a given or stable national income, total expenditures for food, and the farmer's share.

What the stability of our aggregate per capita consumption and food expenditure ratio really means is that if we want a larger national consumption of farm products among low-income people, we must have a special marketing device such as the Food Stamp Plan to bring it about. By this device, the purchasing power of low-income people is increased for the specific purpose of increasing their food consumption without lowering the prices paid by consumers in the higher-income brackets. Ordinarily, most of the increase in general purchasing power goes for

the purchase of industrial--not agricultural--products. In the past, our great increases in industrial production and in national income have not generally brought an increase in the national per capita consumption of food products, nor did they wipe out underconsumption among the lower third, nor malnutrition in that and in other groups.

Cotton and Industrial Activity

Cotton is one major commodity the consumption of which does respond to changes in industrial activity. In the per capita mill consumption of cotton is reflected the major swings of the business cycle. But this does not promise any marked automatic expansion in cotton consumption over the next 2 years as a result of the expected rise in the national income, for the per capita consumption of cotton is already at about the maximum level. Should it again attain the 1917 wartime peak, consumption would be only three-quarters of a million bales above the present rate. Such an increase would be welcomed, but it would only moderately offset the shrinkage in the export market of about 5 million bales. With cotton now practically on a domestic market basis and with huge stocks on hand, large crops would be unusually harmful to producers and to the Nation. For that reason, the cotton program is more important to growers than ever before.

Farmers face many problems as a result of the war and a variety of programs are available to help them weather the emergency period. But regardless of how these problems are met, it is still true that many of our farm commodities have and will continue to have a relatively inelastic demand. Many are produced at great distances from consuming markets. And many require so much processing as to yield producers a very small share of the consumer's dollar. These are a few of the basic factors that make crops in excess of normal requirements unprofitable to producers.

--- 0 ---

SECRETARY WICKARD EMPHASIZES NEED FOR INCREASED CONSUMPTION

In a recent address before the National Farm Institute, meeting at Des Moines, Iowa, Secretary of Agriculture Wickard said: "Not every proposal for increasing domestic consumption is sound. For example, cheapening farm products might increase domestic consumption temporarily. But experience has shown that this not only injures farmers but injures consumers, too. Farm products were cheap during the depression but they were too high to be purchased by the unemployed in the cities. When we talk about increasing domestic consumption we are talking about programs which help both farmer and consumer. In the period just ahead certain paths seem fairly well defined. They include determined efforts to raise the income of farmers; to adjust price depressing surpluses; and to increase domestic consumption. No one, no matter what his occupation, or race, likes to see a child go hungry."

ARMY MEAT PURCHASES TO BE BASED ON FEDERAL STANDARDS

A wider range of meat products, particularly fresh meats, will be bought by the Army as a result of agreements reached in a recent conference of leaders in the livestock industry with officials of the Army Quartermaster Corps and the Division of Purchases, Office of Production Management. Federal meat specifications are being revised so as to conform with Agricultural Marketing Service standards, and, as production conditions warrant, full consideration will be given to the use of other grades whose quality is satisfactory to the Army and which are in surplus.

It is pointed out that the American soldier is getting in his regular ration substantially more fresh meat than the per capita average of consumption by the entire country. As a general rule, the soldier gets meat or protein foods at 18 of his 21 weekly meals. His breakfast, for example, includes bacon or eggs, or the two together, or meat in some other form--ground beef, for instance, creamed and served on toast.

Five days in every week find meat--roast, steak, chops, on the noontime menu. On an average, each man is allowed one-half pound of meat at this meal, the exact allowance varying with different kinds of meat. If steak is served, for instance, the allowance is 50 to 55 pounds for 100 men. Ground steak for meat loaf is figured at 35 pounds for 100 men, and chuck meat for pot roast at 65 pounds for 100 men. On Friday noon, fresh fish is served.

Every Saturday noon, by Army tradition of long standing, the soldier gets beans in place of his meat ration--the beans being flavored with salt pork or bacon. The soldier usually gets two meatless suppers per week, the meat ration being replaced at the two meals by some such dish as spaghetti and cheese. The soldier gets a carefully balanced meal, and fruits, vegetables, and starches are served in proper proportion to balance the meat which is consumed.

--- 0 ---

CONTINUED IMPROVEMENT SEEN IN DEMAND FOR FARM PRODUCTS

During the next few months changes in industrial activity and consumer income are expected to be relatively small, but the demand for farm products is expected to improve, the Bureau of Agricultural Economics reported recently. Even though industrial activity may not expand the full seasonal amount from January to May, no decline in the actual rate of output is anticipated and a renewed rise is expected to follow. This points to continued but more gradual improvement in the conditions affecting the domestic consumer demand for farm products in 1941.

SEATTLE FIRM PAYS FINE FOR INSECTICIDE ACT VIOLATIONS

On January 13 the Chas H. Lilly Company of Seattle, Wash., was fined \$150 and costs by Federal Judge Black for shipping in interstate commerce two insecticides that were in violation of the Insecticide Act.

One of the products, "Vitality Calcium Arsenate Dust," an insecticide recommended for use on fruits and vegetables, was adulterated in that its strength and purity fell below the professed standard under which it was sold, and misbranded because the label claimed it to contain 25 percent of arsenic. Analysis by Government chemists showed it to contain only 6 percent. This product was further misbranded in that the label bore unwarranted claims as to its efficacy.

The other product, sold under the name "Vita-Ro Complete Rotenone Dust '100'," failed to bear on its label the ingredient statement required by the law, and also was not effective in controlling all insect pests attacking the vegetation for which it was recommended

• --- 0 ---

AAA TO CONTINUE FIBER FLAX PROGRAM IN 1941

The Agricultural Adjustment Administration recently announced the continuation in 1941 of a program to encourage production of fiber flax by United States growers. The program is similar to those offered growers during 1939 and 1940. Officials pointed out that the program is considered especially important at the present time because of defense needs. Fiber flax is the source of linen which serves many military and naval purposes, among them being parachute harness and rigging, signal halyards, cable linen, and packing for marine engines. Increased domestic production of this crop helps compensate for decreased imports from Europe, and assures the Nation a more dependable supply.

--- 0 ---

TENTATIVE PLANS FOR WHEAT QUOTA REFERENDUM ANNOUNCED

Tentative plans for holding a national marketing quota referendum among wheat growers on May 31 have been approved by Secretary of Agriculture Claude R. Wickard. Although the marketing quota determination will not be made until a later date, present estimates indicate a 1941-42 supply of wheat in excess of the probable marketing quota level. The quota will become effective when announced and will continue during the 1941-42 marketing year unless opposed by more than one-third of the farmers voting in the referendum.

TAKING THE GUESSWORK OUT OF LAMB MARKETING

. By L. B. Burk

Most of the lambs marketed this year will be sold in mixed lots of two or more grades at a flat price for a given lot. This method of selling has been the common practice for many years, primarily because of the large number of lambs that can be handled in a short time. In marketing lambs, speed is an important factor as any long delay in weighing and selling leads to shrinkage.

Selling on a flat price basis has some disadvantages, too. The producer cannot accurately determine the prices his best and poorest lambs would bring if they were sold separately. This means he has no way of gauging consumer preferences for the different grades and therefore has little to guide him in his production practices. Furthermore, the producer cannot always be sure that his lambs are sold according to their true value.

Four States Try Grading

Down in Virginia, West Virginia, North Carolina, and Tennessee, lamb producers have been trying out a different marketing method with considerable success. They have been grading the lambs according to the U. S. standards before offering them for sale, and then selling them on that basis, a method that more nearly gives each producer the actual worth of his lambs. Marketing by grade has been used for several years, first by producer shipping associations and more recently by auction companies.

Selling lambs on the basis of standard grades follows the principle that a given lot of lambs may be divided into six separate and more or less distinct groups according to their conformation, finish, and quality. The grades are: Prime, Choice, Good, Medium, Common, and Cull. Since the Prime grade is a specialty product and represented by an extremely small number, the Choice grade may be considered the top grade from a market point of view. Choice grade lamb is the highest grade generally recognized at the markets and, as the name implies, is an animal that closely approaches the ideal. Choice grade lambs, as a rule, have a higher dressing percentage and produce carcasses of relatively higher value than the Good grade, and may properly be expected to command a higher market price.

Each grade lower on the scale allows for an increasing number of imperfections, and lambs in these grades usually bring successively lower prices, weight and pelt considerations being comparable. For example, lambs of various grades sold as follows on the Staunton, Va., livestock market, October 8, 1940: Choice, \$9.70; Good, \$8.70; Medium, \$7.95; Common, \$7.25, and Cull, \$3.25.

Grading lambs at a concentration point or at a market is an important phase of this method of marketing because the individual lambs of a given grade must be uniform and represent approximately the same value. The grader must handle each lamb for the purpose of determining its grade because the lamb's wool often covers up a number of imperfections. Considerable time is required in the grading processes but when proper facilities are available a single grader can grade and mark 1,500 to 2,000 lambs per day. The grading procedure varies somewhat between individual graders but in general it is about as follows:

As the lambs are unloaded they are driven to the grading pens, which are usually small so that the lambs can move around only slightly while the grader is at work. As the grader feels each lamb he marks it with either branding fluid or chalk. The Prime and Choice lambs are not segregated because of the relatively small number in the Prime grade. The Prime-Choice, Good, and Medium lambs are marked on the head with blue, red, and yellow, respectively. A red stripe across the back designates the lambs as Common and a similar mark across the rump represents the Cull grade. When branding fluid is used a red figure 4 in the center of the back and a red 4 on the rump designates Common and Cull grades respectively.

Each Grade Weighed Separately

After a farmer's lambs are graded and marked, each grade is weighed separately and penned with other owners' lambs of corresponding grade. The owner is given a scale ticket showing the number, weight, and grade of the lambs and he retains this ticket until the lambs are sold and the price of each grade is determined. At the time of sale, as a rule, all lambs of a given grade are sold together. That is, all of the Choice grade lambs are sold in one group. Then all of the Good, and so on until all grades are sold. When the sale is over, each farmer who has a ticket presents it at the office and is paid the current market price that corresponds to the weight and grade of lambs delivered, minus the sale costs.

Selling lambs on a graded basis has a number of advantages that appeal to producers. Most important, perhaps, is the fact that each lamb will be sold on the basis of its relative market value. This has a material bearing upon production practices, because it shows the producer the value by grade of the lambs he markets, enabling him to change his breeding and feeding practices if he believes such a procedure will pay.

Grading not only aids the large-scale producer, but also is beneficial to those in many areas where the flocks are small and the lambing season extends over a considerable period. Some lambs will be ready for market the early part of the season while others may not be ready until 6 or 8 weeks later. Normally, to realize the maximum returns, lambs should be marketed when they are finished. The older lambs should not be held until they have lost their bloom or become too heavy for market

requirements; and the younger lambs should normally be held until they have attained a high degree of finish before being marketed. In areas where lamb grading is done, growers follow the practice of "topping out" their flocks, which means sorting out and selling the higher grade lambs as they become ready for market at different times during the year. Selling by grade, therefore, enables producers to market at the right stage of maturity.

Consumers also have a stake in marketing lambs by grade because this method of selling tends to improve the grade of the meat they buy. This traces to the desire of producers to take advantage of the relatively high prices paid for the better grades. In the States where lamb grading has become popular, the Extension Service has made a special effort to point out the advantages of flock improvement to producers from a dollars-and-cents standpoint. Since a close correlation exists between the live grade and the quality of dressed carcasses, grading, in an indirect way, improves the quality of meat offered for sale in retail stores. Improved quality tends to broaden the outlet for dressed lamb in that it increases the consumer's opportunity to obtain a satisfactory product. This obviously broadens the demand for high-grade lambs.

Buyers Can Purchase By Grade

Buyers find that lamb grading enables them to buy the grades of animals they want. A farmer, for example, may wish to stock his farm with Choice or Good grade breeding ewes or feeder lambs but if he buys a mixed lot he may be required to accept some animals of the lower grades. The same is true when buyers are purchasing lambs for slaughter. Grading assures buyers that animals of a given grade will have a high degree of uniformity in conformation, finish, and quality.

Lamb grading in Virginia, West Virginia, North Carolina, and Tennessee is a function of State agencies, the graders being employed and paid by the States. One or more times during the year, however, a representative of the U. S. Department of Agriculture travels through these areas to supervise the application of the Federal standards. The State grading service is supplied to auction sales companies and cooperative marketing associations which handle a sufficient volume of lambs to justify the expense. In some States no charge is made for the grading. In others, a charge of 2 cents a head is made.

Approximately 225,000 lambs were graded in the four States last year. Though this is a very small part of the number marketed in the United States in 1940, there is no fundamental reason why that percentage should not increase. The advantages of marketing lambs on a graded basis are just as real in other sections as they are in the Southeast.

---0---

Michigan leads in cherry production with Washington second.

-PERTAINING TO MARKETING-

The following publications in the general field of farm-product marketing, issued recently, may be obtained upon request from:

The Agricultural Marketing Service:

Nebraska Corn, Estimated Planted Acreage, Yield, and Production, 1928-1939. . . By A.E. Anderson and A.V. Nordquist

Sugar Cane for Sugar and Sirup, Acreage, Production, Disposition, 1909-1939. . . By John S. Dennee and E. M. Brooks

Carlot Shipments of Fruits and Vegetables from Stations in the United States, 1939. . . Compiled by Leona Norgren

Information on Carloadings, Containers, Varieties, and Grades of Fruits and Vegetables, 1936-1939

Market Summaries; California; 1940:

Apricots

Peaches

Pears

Plums

United States Standards:

California and Arizona Grapefruit

California and Arizona Oranges

Lemons

Canned Apple Juice

Canned Apricots

Canned Kadota Figs

Canned Fruit Cocktail

Canned Orange Juice

Canned Ripe Olives

The Surplus Marketing Administration

Eating the Surplus Through the Food Stamp Plan. . . By Milo Perkins, Administrator, Surplus Marketing Administration

The Bureau of Agricultural Economics:

Large-Scale Organization in the Food Industries. . . By A. C. Hoffman

A study made for the Temporary National Economic Committee, authorized and directed to make a full and complete study and investigation with respect to the concentration of economic power in, and financial control over, production and distribution of goods and services. (15¢)